

EXHIBIT 87

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Order Monitoring System (OMS): A Manufacturer's Perspective

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Mission of the Purdue OMS Program

To ensure compliance with DEA regulations requiring manufacturers and distributors to monitor and report suspicious orders of controlled substances, by implementing a detailed process for:

- **Ongoing assessment of selected accounts, including Purdue's authorized distributors and their retail customers**
- **Support for authorized distributors in implementing their OMS programs and efforts to "know their customers"**
- **Reporting of suspicious ordering to DEA, other law enforcement, or state licensing boards, as appropriate**

History of the Purdue OMS Program

- **Followed DEA correspondence to all registrants detailing obligations of manufacturers and distributors of controlled substances to:**
 - **Conduct independent analysis and exercise due diligence to confirm legitimacy of orders and to scrutinize suspicious circumstances**
 - Valid DEA registration not sufficient
 - Know your customers and your customers' customers
 - **Inform DEA of suspicious orders when discovered**
- **Expanded program launched in 2008**
- **SOP finalized in March 2009**

OMS Program Team Members

OMS COMMITTEE CHAIRPERSON

VP & Associate General Counsel, Law Department

MEMBERS

VP, Corporate Security

Executive Director, DEA Compliance

Executive Director, National Accounts

Director, OMS Program Coordinator

Director/Investigations, Corporate Security

CONTRIBUTORS

VP, Health Policy

Attorney, Prescriber Program analysis

Professional Rep, Sales Force

Director, Sales Systems

OMS Information Sources

- **Fee For Service (FFS) Data**
 - Order data for pharmacies + other dispensing outlets
 - Provided by authorized distributors under FFS Agreements
 - Loaded on monthly basis into OMS Database
 - Cover 97% of Purdue's product distribution
- **IMS outlet/prescriber data & Sales Ops outlier analyses**
- **Sales Force reports of concern (ROC)**
- **Prescriber Program information**
- **Government agencies/law enforcement**
 - DEA, local law enforcement, state licensing boards, legislative contacts
- **Media reports**

Prescriber versus Dispenser

- **Prescriber program: Focus is on prescriber and Rx history /patterns**
- **OMS: Focus is on dispenser/pharmacist and ordering history/patterns**
- **Sharing of signal detection information between OMS and Prescriber programs**
 - **Enables us to consider prescriber and pharmacy issues within particular geographic area**
 - **Results in more robust information shared with internal (e.g., Risk Management) and external (e.g., authorized distributors) partners**

OMS Process

➤ Identification of Potential Problematic Outlets ('09-'10)

- **FFS Data Outliers – Outlets with orders outside normal range based on algorithm:**
 - Total volume of Purdue product orders
 - Percentage of OxyContin / non-OxyContin orders to total orders of Purdue products
 - Percentage of orders of higher dosages of OxyContin
 - Number of distributors from which outlet purchases
 - Number of orders of same product per day
 - Significant increases/changes comparing current 1, 3, 6 and 12 months to prior period

Based on algorithm, 500-600 outlets met criteria

OMS Process

(continued)

➤ **Identification of Problematic Outlets (continued)**

- **IMS Data Outliers**

- Outliers among retail outlets identified by Sales Ops' quarterly analysis of IMS Data

- **Outlets identified by other signals**

- Typically identified by sales force or authorized distributors
- Suspicious signals include:
 - Observed anomalies of pharmacy location, appearance/operation or clientele
 - Statements by pharmacy personnel indicating deficiencies in Rx verification or other abuse/diversion mitigation procedures
 - Authorized distributor comparative data on other opioid dispensing by pharmacy or Rx detail on pharmacy's prescribers
 - Media reports of law enforcement or licensing board action

OMS Process

(continued)

- **Outlier Pharmacies Selected for Review:**
 - **Top FFS Data Outliers (as ranked by Sales Ops)**
 - **Accounts identified by authorized distributors**
- **Input from National Accounts**
 - **Any prior knowledge of pharmacy, including factors that explain or heighten concern about outlier data**
 - **Assessment of need for further follow up**
- **Input from Sales Force**
 - **Review of prior ROCs**
 - **Standard OMS follow with Rep / DM / RM**
 - **Specific additional assistance occasionally requested**

OMS Process

(continued)

➤ **Review of Related Internal Data & Information**

- **Savings Card Pharmacy Redemption data**
- **Analysis of identified prescribers (IMS data)**

➤ **Public Records Search**

- **Corporate security review of entity status and ownership, including related entities**
- **DEA registration / state licensing status and disciplinary actions**
- **Civil or criminal actions**

OMS Process

(continued)

➤ **DEA Compliance: Collaboration with Authorized Distributors**

- **Initial meetings to share information about respective order monitoring programs and procedures**
- **Ongoing information exchange and review of ordering data and other information pertaining to specific outlets**
- **Communication and collaboration on follow up with respect to individual outlets, which may include:**
 - Outlet surveillance and/or site visit and interview of owner, Pharmacist-In-Charge and/or pharmacy staff
 - Reduction or cut-off of supply to outlet
 - Reporting to licensing board, DEA, other law enforcement

Summary of OMS Meetings

➤ Order monitoring meetings held with authorized distributors plus ongoing contacts:

- Between Sept 2008 and March 2012, Purdue met in person with 10 separate wholesalers to discuss OMS programs and procedures, and opportunities for better collaboration**
- Throughout that time, Purdue engaged in regular ongoing contact via conference calls and joint site visits to discuss particular accounts of concern and appropriate follow up**

OMS Process

(continued)

➤ **OMS Report and Committee Decision**

- **Written report for OMS Committee review**
 - Generated by Program Coordinator for each “outlier outlet”
 - Captures information obtained during OMS review process
- **OMS Committee decision on each outlet reviewed**
 - Pending: No decision pending completion of requested follow up
 - Complete-closed: No suspicious ordering concern
 - Complete-referred: Evidence of suspicious ordering and/or circumstances sufficient to refer to DEA, other law enforcement and/or state licensing board
 - Continue to monitor: Suspicious circumstances warrant close monitoring, but not yet sufficient to refer
- **OMS Committee may recommend adjustments in shipments to distributor due to OMS concerns**

OMS Process: Post Reformulation

➤ **Updated Algorithm Based on Reformulation ('10 – '11)**

- **FFS Data Outliers – Outlets with decline in orders post OxyContin reformulation that met the following:**
 - Orders that met original algorithm
 - Significant declines/changes comparing current 3, 6 and 12 months of pre- versus post-reformulation data
 - Threshold 75% decline post reformulation
 - Percentage of OxyContin decline post reformulation vs contemporaneous increase in other opioids
 - Evaluate whether geographically located near prescribers of concern
 - Adjust threshold (\$) to focus on significant accounts for review

Based on new algorithm, 100 to 200 outlets met criteria

Meetings with DEA

➤ April 2009

- Overview of OMS program
- Described collaboration with authorized distributors

➤ April 2011

- Overview of updated Purdue OMS program following reformulation
- DEA Registrant book shared
- Focus on prescriber data post-reformulation

➤ October 2011

- Focus on retail dispensing post-reformulation
- At request of DEA, provided calculation of all outlets with at least 50% decline and \$350,000 in annual sales
- Total of 290 outlets identified (29 previously identified)

Summary of OMS Program Activity

(continued)

➤ **Outlets Reviewed and/or Referred ('08 – '11)**

- **Total: 365**

- **Breakdown by state:**

- | | |
|-----------|-------------------------------|
| ○ FL : 94 | ○ PA: 18 |
| ○ CA: 55 | ○ TN: 14 |
| ○ NY: 39 | ○ OH: 13 |
| ○ MI: 38 | ○ 27 States: 94 (3 to 4 each) |

- **Breakdown by OMS Committee Action:**

- | | |
|------------------------|-----|
| ○ Complete-Referred: | 290 |
| ○ Complete-Closed: | 75 |
| ○ Continue to Monitor: | 8 |

Summary OMS Program Activity

(continued)

➤ **Outlets pending review/investigation**

- **Total:** **8**
- **Breakdown by state:**
 - GA = 3
 - NY/NJ/CA/TN/IN = 5 (1 each)

➤ **Outlets subject to OMS Team Surveillance or Site Visits**

- **13 pharmacy site visits including interviews with owners or pharmacists in charge**
 - 6 of the visits conducted together with authorized distributors
 - Breakdown by location: 8 in Florida, 2 in California and Nevada, 1 in NY
- **10 additional pharmacies subject to surveillance**
 - 5 in California , 2 each in Ohio and Florida, 1 in Nevada
- **30 + site visits with wholesalers**

OMS Program Challenges

➤ Data Gaps

- **No data connecting outlets with individual prescribers**
- **No data from distributors with whom we have no FFS agreement**
- **FFS data excludes outlet-level order detail for:**
 - Secondary distributors
 - Dispensing outlets that opt out of data reporting
- **IMS data excludes prescribers/outlets who opt out of reporting**
- **Dispensing healthcare providers**

➤ Not in doctors office, or at pharmacy, when prescriptions being written and filled

➤ Pressure Created by Geographic Hotspots (e.g., Florida, California, Tennessee, Georgia and Alabama)

Recommendations: Lessons Learned

- **Quantities matter: excessive orders must be evaluated**
- **Meaningful scrutiny of dispensing: registration not sufficient**
- **Site visit due diligence: expected as part of follow up**
- **Cannot rely on third party: must do own due diligence**
- **Trend analysis is a key: compare similar products, size and location of outlets**
- **Threshold exceptions: must be individually reviewed and decisions properly documented**
- **Referrals to DEA: consider for all OMS actions regarding outlets**

Benefits of Collaboration: What can be gained?

- Enhance collaborations efforts between wholesalers and manufacturers
- Greater information sharing: maximize resources (DEA, Wholesaler and Manufacturer)
- Achieve efficiencies with accounts identified for follow up
- Identify additional tools to address DEA's concerns (better data analysis, potential modeling)
- Mindful of anti-trust concerns

Thank You

Any Questions

